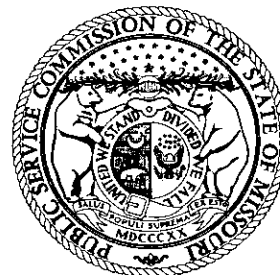
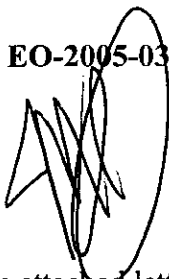


Notice of *Ex Parte* Contact

TO: Data Center
All Parties in Case No. **EO-2005-0329**

FROM: Chairman Jeff Davis

DATE: August 3, 2005



On July 14, 2005 I received the attached letter from Mr. Byron Combs regarding KCP&L. The Commission is currently considering similar issues in case **EO-2005-0329** which is a contested case. In contested cases, the Commission is bound by the same *ex parte* rule as a court of law.

Although communications from members of the public and members of the legislature are always welcome, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4.020(8)), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, I submit this report pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to it.

cc: Commissioners
Executive Director
Secretary
General Counsel

9702 NW Hampton Woods Drive
Parkville, MO 64152-2648

July 8, 2005

Commissioner Jeff Davis
Chairman, Public Service Commission
PO 360
Jefferson City, MO 65102-0360

Re: Case # EO-2005-0329

Dear Commissioner Davis:

I presented testimony before the Commission at the public hearing in Jackson County on May 24, 2005. On June 20, I sent an update of my testimony with complete data for 2004. I was able to watch most of the evidentiary from June 23 – June 27. I am writing this in response to the testimony at the evidentiary hearing regarding my testimony from the public hearing.

My testimony made two points. First, that the increased sales by KCP&L from 1999-2004 were not due to increases in their own customer's requirements, but were sales to other utilities. And second, that even during their all-time high peak demand period, KCP&L was able to sell power to other utilities, which in effect lowered that peak demand for their own customers, demonstrating that KCP&L has ample excess capacity.

Commissioner Gaw discussed my testimony with Mr. Grimwade from KCP&L and Mr. Wood from the PSC Staff. During Mr. Wood's testimony, he indicated that I had not considered KCP&L's purchases of power from 1999-2004 and should have adjusted my figures for those purchases. It's true that I had not considered purchases, as I did not consider purchases to be relevant. This may be a legitimate way of looking at these trends, but either way, the trend over these years has been a relatively large increase in sales to utilities.

However, I did adjust the sales to utilities for purchases in the table and graph in Enclosure 1. The adjustment for purchases lowered the computed percentages by several percentage points for each year, but the slope, or rate of increase, is still about the same. The adjusted figures still indicate a trend of rapidly increasing wholesale sales while retail sales remained relatively flat.

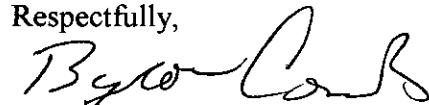
Since KCP&L indicated that sales to utilities should be adjusted for power purchased, I would like to present a second table and graph, Enclosure 2, for your consideration. This graph compares both of the major sources of electric power for KCP&L, generated power and purchased power. It shows a large increase in generated power from 1999-2004, while purchased power remained flat. This demonstrates that the increased sales to other utilities came from generated power, not from increases in purchased power, indicating that KCP&L has excess power available now.

The second point in my testimony concerned the all-time peak demand which occurred from 3PM - 4PM Aug. 21, 2003. From the FERC files, I found that KCP&L sold 528 MW hours to other utility markets during that hour. Mr. Wood's testimony indicated that once again, I had not included purchases during that timeframe and that KCP&L had actually purchased more power than they had sold.

However, does that matter? There was no argument against my contention that the peak load requirements for their own customers was actually 528 MW less than the 3610 MW peak, or 3082 MW. The peak demand is the sum of energy an electric utility needs to satisfy their service area and includes full and partial wholesale requirements customers, and the losses experienced in delivery. Since they did sell 528 MW hours, then their own customer requirements were only 3082 MW. Even at a rate of growth as high as 2% a year, it will take 14 years for their own customers to exceed their current capacity of about 4040 MW.

I suggest that KCP&L has sufficient excess capacity to successfully meet the needs of their customer base for a number of years. This would provide time to observe growth trends over the next few years and add wind generation and efficiency measures. A new coal-burning generator can be avoided, at least until these additions can be implemented and their effects analyzed. I appreciate your attention to my testimony and hope that it is beneficial.

Respectfully,



Byron Combs

Enclosure 1: Comparison of customer sales to sales to other utilities adjusted for purchases.

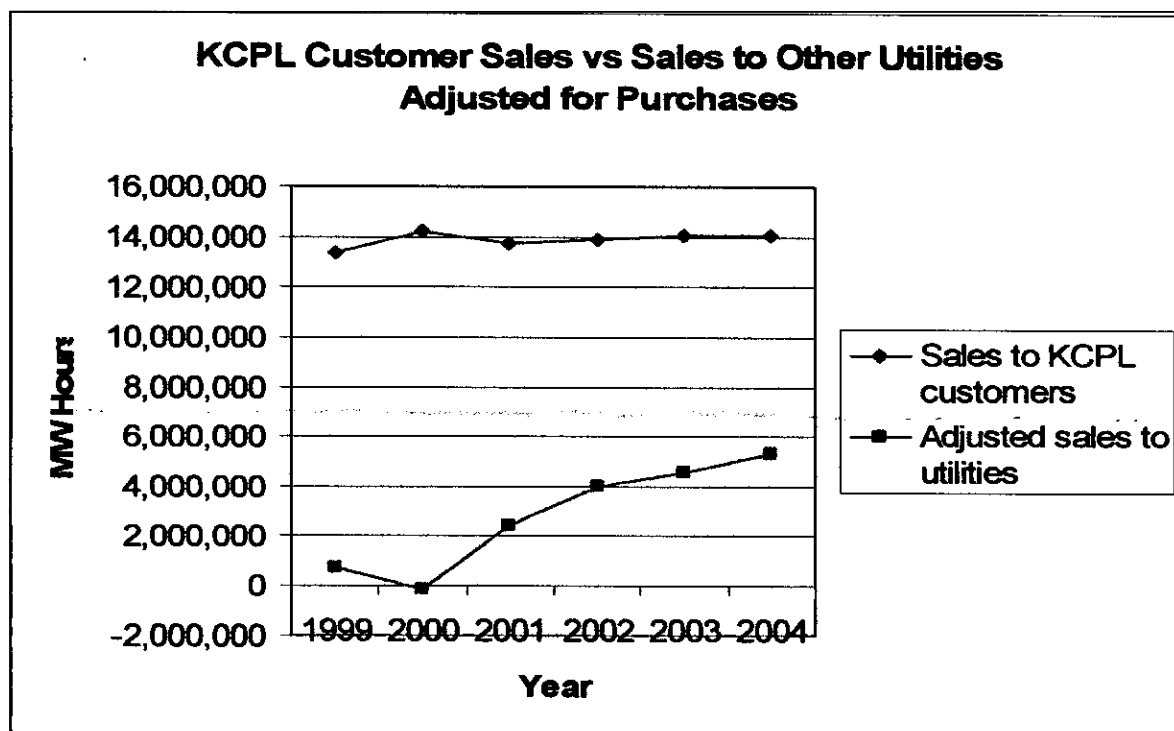
Year	Sales to KCPL Customers MWH	% increase	Adjusted Sales to other utilities MWH	% increase	Percent of total sales to other utilities
1999	13,342,151		727,752		5.2%
2000	14,201,321	6.4%	-143,040	-119.7%	-1.0%
2001	13,735,242	-3.3%	2,410,470	(undefined)	14.9%
2002	13,957,146	1.6%	3,994,897	65.7%	22.3%
2003	14,099,782	1.0%	4,523,716	13.2%	24.3%
2004	14,044,100	-0.4%	(*) 5,308,855	17.4%	27.4%

Annualized increase

from 1999-2004 1.0%

48.8%

(*) This number is a computed estimate since 2004 purchased data is not yet available from public sources. It was computed based on known information and Mr. Wood's testimony that the percentage of adjusted total sales to other utilities was 27.5%. It is not exact, but should be a close estimate.



Enclosure 2: Comparison of generated power and purchased power.

Year	Generated Power MWH	Purchased power MWH
1999	14,827,901	1,407,235
2000	14,951,919	1,860,701
2001	16,995,286	1,146,818
2002	18,815,079	974,351
2003	19,459,353	1,253,778
2004	20,333,812	(*) 1,294,841

(*) This number is a computed estimate since 2004 purchased data is not yet available from public sources. It was computed based on known information and Mr. Wood's testimony that the percentage of adjusted total sales to other utilities was 27.5%. It is not exact, but should be a close estimate.

This graph, along with the graph in Enclosure 1, illustrates that increased sales to other utilities was from increased generation of power, not from increased purchases.

